

## **Historic, Archive Document**

Do not assume content reflects current scientific knowledge, policies, or practices.



3TX326  
A165  
p.2

# FAMILY ECONOMICS REVIEW

FALL 1981

*IN THIS ISSUE:*

CREDIT USE—PURCHASE OF  
HOUSEHOLD APPLIANCES

THRIFTY FOOD PLAN

PRESIDENT'S COMMISSION ON PENSION  
POLICY—AN UPDATE

U.S. DEPARTMENT OF AGRICULTURE  
Agricultural Research Service

FAMILY ECONOMICS REVIEW is a quarterly report on research relating to economic aspects of family living. It is prepared primarily for home economics agents and home economics specialists of the Cooperative Extension Service.

Editors: Kathleen K. Scholl  
Katherine S. Tippet  
Family Economics Research Group  
Agricultural Research Service  
U.S. Department of Agriculture  
Federal Building  
Hyattsville, Md. 20782

Agricultural Research Service, Family Economics Review, Fall 1981

---

Published by Agricultural Research Service,  
Northeastern Region, U.S. Department of Agriculture, Beltsville, Md. 20705

FAMILY ECONOMICS REVIEW

# CREDIT USE IN THE PURCHASE OF HOUSEHOLD APPLIANCES

By Marsha Freeman Epstein<sup>1</sup>

## Credit Trends

Consumer credit outstanding increased dramatically over the past 20 years *both* in dollar terms and as a percentage of personal disposable income (8). In early 1960, consumer credit outstanding was \$60.0 billion and represented 17.4 percent of personal disposable income. By early 1980, consumer credit outstanding had increased 541 percent to \$384.4 billion and represented 19.8 percent of personal disposable income, down from a high of 22.2 percent in mid-1979.

Consumer credit is credit extended to individuals through regular business channels such as commercial banks, finance companies, credit unions, and retailers to finance or refinance consumer purchases (8). Most credit that consumers use is in the form of installment credit, which is repaid in two or more scheduled payments. The rest is noninstallment credit, which is repaid in one lump sum. Noninstallment credit includes single-payment loans, charge accounts, and credit provided by service providers such as doctors and hospitals.

The rapid increase in consumer credit outstanding may be due to several factors (8):

1. The high inflation rate of the late seventies encouraged households to buy on credit because they knew that they would repay the loans with "cheaper" dollars.

2. While the rate of increase in the price of personal expenditures almost doubled from 1976 to 1979, the interest rate on finance company personal loans remained relatively constant at 20 to 21 percent, which led to a decline in "real" interest rates.

3. Consumers tended to use credit instead of cash and pay their outstanding balance in full at the end of the billing period.

4. The portion of the population most likely to maintain an installment debt balance—families with a head aged 25 to 44—increased.

Although in the long run consumer credit outstanding increased, credit growth slowed during the recession periods of 1961, 1970,

1975, and 1980. The use of consumer credit fell dramatically during early 1980 as a result of credit controls enacted by the Federal Reserve Board (Fed).

Consumer credit for the purchase of consumer durables followed a pattern similar to that of consumer credit in general. Although data on consumer credit outstanding for durables are unavailable, the Fed does publish figures on consumer credit extended for the purchase of durables (2). Consumer credit extended is the amount of credit granted during a specific time period, such as a fiscal quarter or year. Consumer credit extended for the purchase of durables reached a high of 3.5 percent of personal disposable income in the late seventies and then fell to a low of 0.2 percent in 1980. This decrease resulted not only because of the Fed's credit controls, but also because households spent fewer dollars on consumer durables. Preliminary estimates for the first quarter of 1981 indicate both an increase in expenditures for consumer durables and an increase in the use of consumer credit for the purchase of those durables.

## Credit User Characteristics

What kind of households use credit to buy consumer durables? Research (3, 5, 6) indicates that durable purchasers and credit users have many common characteristics. Durable purchases and credit use are reported most often by young married couples (under 45 years of age) with children. Levels of durable purchases and credit use are positively related to household income and negatively related to age of household head. New homeowners are more likely than renters or established homeowners to purchase durables and use credit.

While many studies have analyzed the characteristics of credit users compared with non-users (1, 3, 4), little descriptive analysis concerning the characteristics of debtors at different levels of credit use has been published. To describe some economic and demographic characteristics of households associated with high and low levels of credit use in the purchase of household appliances, staff of the Family

---

<sup>1</sup>Family economist, Family Economics Research Group, Agricultural Research Service, U.S. Department of Agriculture.



Economics Research Group (FERG) analyzed data from the 1972-73 Consumer Expenditure Survey (CES)—the most recent detailed information available of this type. The CES contains information on the purchase price and payment method for major and minor appliances purchased during a 26-month survey period.<sup>2</sup> According to the CES, credit includes 30-day credit, installment credit, and other credit such as revolving and layaway plans.

## Data Analysis

Almost all the approximately 20,000 survey households purchased at least one household appliance during the survey period, and almost half the purchasers used credit on at least one occasion. Only households that purchased at least one household appliance on credit (8,049 households) were included in this analysis.

Households were divided into two groups by the amount of money spent on household appliances. This division was done to avoid potentially misleading results caused by the comparison of households with extremes in appliance expenditures. Households that spent more than the average appliance expenditure of the sample (\$1,334) were classified as having a high appliance expenditure, while those that spent the average or less were classified as having a low appliance expenditure.

The propensity to use credit,

$$\frac{\text{dollars spent on appliances purchased on credit}}{\text{dollars spent on appliances}} \times 100,$$

was then calculated for each household, and an average propensity to use credit was calculated for each of the two appliance-expenditure groups (50 pct for the high appliance-expenditure group and 54 pct for the low appliance-expenditure group). Next, within each appliance-expenditure group, households were divided into two subgroups of low and high

propensity to use credit. Households with a propensity to use credit that was greater than the group's average were classified as having a high propensity to use credit, while those with a propensity to use credit that was equal to or less than the group's average were classified as having a low propensity to use credit.

Finally, the appliance-expenditure groups were dissolved, as the two high-propensity subgroups were combined and the two low-propensity subgroups were combined to form two new categories of high-propensity households and low-propensity households.

## Results

Households with a high propensity (HP) to use credit were at a lower economic level than households with a low propensity (LP) to use credit. HP households reported a lower income and spent fewer dollars on appliances than LP households; nevertheless, HP households spent more of those dollars on credit purchases (table 1).

Further evidence that HP households were at a lower economic level than LP households was provided by two measures of economic well-being adapted by researchers at FERG.<sup>3</sup> The first and most comprehensive measure, based on the work of James N. Morgan, was derived from data on family income, size, composition, and labor force participation. The second measure, based on the uniform poverty index developed by Mollie Orshansky and others, assessed the relationship of available income to income needs. With both measures, the lower index score indicates the lower level of economic well-being. HP households averaged lower and significantly different scores than LP households on both the Morgan-based and the Orshansky-based measures. The Orshansky-based measure also indicated that HP households were twice as likely as LP households to have lived below the poverty level.

Demographic characteristics may further explain some differences in income and economic well-being between households with

<sup>2</sup> Data derived from the Interview Survey Inventory of Consumer Durables Public Use Tape, Consumer Expenditure Survey—1972-73, U.S. Department of Labor, Bureau of Labor Statistics. The survey period includes purchases made from January 1972 through March 1973 for those households in the first survey year, and January 1972 through March 1974 for those households in the second survey year.

<sup>3</sup> Schwenk, Frankie N., and Colien Hefferan, Family well-being: Subjective measures from objective data, paper presented at the American Home Economics Association Annual Meeting, Atlantic City, N.J., June 25, 1981.

high and low propensities to use credit. The majority of household heads in both groups were employed in lower paying occupations (such as clerical, sales, crafts, and skilled and unskilled labor; however, heads of HP households were less likely than those of LP households to be employed in higher paying professional, managerial, and technical positions. Since occupational attainments are often related to educational achievement, it was not surprising to find that heads of HP households were less educated than heads of LP households.

When data on age of household head were analyzed in conjunction with data on household type, the effect of household life cycle was evident. Although most household heads were married, heads of LP households were more likely than those of HP households to be married (table 2). As expected, younger household heads at both propensity levels were more likely than older household heads to be married and have children. Although the addition of children to the household may increase the household's demand for appliances and further strain the household's income and cause increased levels of credit use, husband and wife LP households were more likely than husband and wife HP households to have

children. This finding is contrary to results of much previous credit research but is supported by the findings of Ryan and Maynes (7), who studied the excessively indebted and founded that "families with children are those least likely to be in trouble due to installment debt."

A greater proportion of HP households than LP households purchased appliances on credit, and HP households averaged a higher credit expenditure per category of appliances. When appliance categories were arranged according to the frequency of credit purchases, the patterns of HP and LP households were identical with one exception: HP households were more likely to purchase large kitchen appliances than personal care appliances, whereas LP households demonstrated the opposite tendency. In a discretionary category of appliances that includes television and sound equipment, HP and LP households differed significantly in their likelihood to purchase on credit. HP households were almost twice as likely as LP households to purchase these items on credit.

In general, LP households were more likely to purchase household appliances on 30-day credit than on installment credit. This decision to contract for short-term credit may indicate that LP households use credit as a convenience

Table 1. Economic characteristics of households by their propensity to use credit

Characteristic <sup>1</sup>	Households with—	
	High propensity to use credit	Low propensity to use credit
Credit propensity . . . . . percent . . . . .	78	25
Appliance expenditure . . . . . dollars . . . . .	1,318	1,351
Credit expenditure for household appliances. . . . . do . . . . .	1,001	330
Annual disposable income. . . . . do . . . . .	9,695	12,653
Indexes of well-being:		
Morgan-based measure . . . . .	112	124
Orshansky-based measure . . . . .	315	374
Living below poverty level. . . . . percent . . . . .	8	4

<sup>1</sup> All figures are average scores with the exception of the percentage living below poverty level.



Table 2. Percentage of households with high propensity to use credit (HP) and low propensity to use credit (LP) by age of head and marital status

Marital status	Head younger than 45 years old		Head 45 years or older	
	HP households	LP households	HP households	LP households
Married . . . . .	78	85	70	80
No children . . . . .	12	15	30	27
Children . . . . .	66	70	40	53
Oldest under 6 years . . . . .	23	21	1	1
Oldest 6-17 years. . . . .	37	41	11	15
Oldest over 17 years. . . . .	6	8	28	37
Not married . . . . .	21	15	30	19
No children . . . . .	11	9	19	12
Children . . . . .	10	6	11	7

measure rather than as a means of stretching limited financial resources. In contrast, HP households tended to rely on installment credit that allowed them to pay for the appliance over time with specified payments. The use of installment credit may indicate that HP households had limited financial resources and were unable to pay for the appliance at or soon after the time of purchase.

High levels of credit use may indicate different financial preferences on the part of debtors. Many households may choose to use credit as a matter of convenience or may borrow funds to keep financial reserves in high-interest-bearing accounts or certificates of deposit. Market conditions such as rapidly rising inflation and longer maturity period on consumer loans may encourage households to assume more debt. For some households, however, high levels of credit use may signal a loss of control over household finances. In contrast to those that use credit as a convenience, these households may have accumulated more debt than they are able to handle.

## REFERENCES

1. Awh, Robert Y., and D. Waters. 1974. Discriminant analysis of economic, demographic and attitudinal characteristics of bank charge card holders: A case study. *Journal of Finance* 29: 973-980.
2. Board of Governors of the Federal Reserve System, Division of Research and Statistics. 1981. *Flow of Funds Accounts, 1st Quarter 1981—Seasonally Adjusted and Unadjusted*, Z.1, pp. 6-7.
3. Durkin, Thomas A., and Gregory E. Elliehausen. 1978. *1977 Consumer Credit Survey*. Board of Governors of the Federal Reserve System, Washington, D.C.
4. Hendricks, Gary, and Kenwood C. Youmans with Janet Keller. 1973. *Consumer Durables and Installment Debt: A Study of American Households*. Institute for Social Research, Ann Arbor, Michigan.
5. Katona, George, Lewis Mandell, and Jay Schmiedeskamp. 1971. *1970 Survey of Consumer Finances*. Institute for Social Research, Ann Arbor, Michigan.
6. Mandell, Lewis, George Katona, James N. Morgan, and Jay Schmiedeskamp. 1973. *Surveys of Consumers 1971-72—Contributions to Behavioral Economics*. Institute for Social Research, Ann Arbor, Michigan.
7. Ryan, Mary E., and E. Scott Maynes. 1969. The excessively indebted—who and why. *Journal of Consumer Affairs*, winter issue, pp. 107-126.
8. Steinberg, Edward I. 1981. Consumer credit, 1960-1980. *Survey of Current Business* 61(2):14-18. U.S. Department of Commerce, Bureau of Economic Analysis.



## THRIFTY FOOD PLAN

The adequacy of the USDA's thrifty food plan as a standard for benefits for the Food Stamp Program is currently under review. Printed below are excerpts from testimony presented before the Subcommittee on Domestic Marketing, Consumer Relations, and Nutrition; Committee on Agriculture; House of Representatives; which describes the thrifty food plan (TFP), how it was developed, how costs are estimated, and how the TFP varies from food-consumption patterns. It was presented on March 18, 1981, by Robert L. Rizek, Director, Consumer Nutrition Center, Human Nutrition, Science and Education Administration.

The thrifty food plan (TFP), developed by USDA in 1975, is the least costly of the four USDA family food plans. It was adopted as the basis for the coupon allotment for the Food Stamp Program, effective January 1976 (*Federal Register*, Vol. 40, No. 231—Monday, December 1, 1975) and incorporated into the Food Stamp Act of 1977, Public Law 95-113, approved 9/29/77.

The TFP is a research-based set of economical and nutritious diets that reflect insofar as possible, food choices of households with limited food budgets. The TFP is an assortment of foods that represents as little change from average food consumption of persons in U.S. households with relatively low food costs as was required to provide a nutritious diet while controlling costs. The TFP specifies the amounts of foods of different types (food groups) that households might buy, or obtain from other sources, to provide nutritious meals and snacks for household members. In the plan, amounts of food groups are suggested for men, women, and children of different ages and for pregnant and nursing women (table 1). A plan for any household can be determined by totaling the amounts suggested for persons of the sex and age of household members.

A four-person household—a man, woman, and children 6-8 and 9-11 years of age—is used by the Department in setting food stamp allotments. This is not a typical food stamp household. USDA studies have shown that allotments based on this four-person household exceed the sex-age-specific TFP cost for 75 percent of food stamp households.

Households following the TFP may choose from the food groups those foods they enjoy

eating. Since the TFP is based on average consumption patterns, not all foods in it are economical. A food list for a family of four for a month (table 2) illustrates the kinds and amounts of food used in estimating the cost for the plan. In this illustration, the plan provides 23 pounds of red meat and 7 pounds of poultry, despite the fact that chicken is a more economical source of protein than most types of red meat.

Sample menus for a week (table 3) show how foods in the TFP can be combined into appetizing and nutritious meals. The meals are not expected to suit any family entirely. However, they can be prepared from foods typical of those used by survey households operating on low budgets. These foods are generally available in stores across the country. The amounts of foods in the sample menus that are served to family members will differ depending on individual food needs. For example, at a meal, young children may eat  $\frac{1}{4}$  cup of vegetables and teenagers,  $\frac{1}{2}$  cup. Generally, servings of bread and cereals are generous and servings of meat, poultry, and fish are small. Meals for a day for a man following the TFP, on the average, contain about  $1\frac{1}{2}$  cups of milk, 4 to 5 ounces of cooked lean meat or alternate such as egg or legumes, 3 to 4 servings of vegetables and fruit, and 7 or more servings of cereal, pasta, and bread and other bakery products.

### How TFP Was Developed

Data from the USDA Household Food Consumption Survey 1965-66, the most recent such data available when the plan was developed, were used to develop the TFP. In

Table 1. Thrifty food plan: Amounts of food for a week<sup>1</sup>

Family member	Milk group	Meat and alternates group				Vegetable and fruit group				Bread and cereal group <sup>2</sup>				Other foods group	
	Milk, cheese, ice cream <sup>3</sup>	Meat, poultry, fish <sup>4</sup>	Eggs	Dry beans and peas, nuts <sup>5</sup>	Dark-green, deep-yellow vegetables	Citrus fruit, tomatoes	Pota- toes	Other vegetables, fruit	Cereal	Flour	Bread	Other bakery products	Fats, Sugar, oils	Sweets	
	Qt	Lb	No	Lb	Lb	Lb	Lb	Lb	Lb	Lb	Lb	Lb	Lb	Lb	
Child:															
7 months to 1 year	5.0	0.39	1.2	0.15	0.41	0.55	0.09	2.49	61.02	0.02	0.08	0.04	0.04	0.19	
1-2 years	3.3	.83	3.3	.17	.22	.89	.65	2.26	61.02	.31	.78	.24	.11	.30	
3-5 years	3.5	.95	2.5	.28	.20	.92	.88	2.28	1.03	.37	.94	.53	.38	.74	
6-8 years	4.2	1.27	2.4	.49	.22	1.10	1.23	2.50	1.12	.62	1.42	.79	.51	.94	
9-11 years	4.9	1.61	3.4	.53	.28	1.52	1.48	3.38	1.34	.81	1.82	1.10	.60	1.20	
Male:															
12-14 years	5.2	1.79	3.6	.67	.33	1.45	1.59	3.30	1.22	.81	2.07	1.13	.77	1.21	
15-19 years	5.1	2.35	4.0	.43	.32	1.70	2.10	3.43	.98	.99	2.36	1.46	1.00	1.05	
20-54 years	2.6	3.03	4.0	.44	.39	1.80	2.02	3.69	.89	.92	2.29	1.33	.95	.86	
55 years and over	2.4	2.45	4.0	.25	.51	1.85	1.75	3.77	1.09	.80	1.90	1.12	.79	.94	
Female:															
12-19 years	5.4	1.80	3.8	.28	.42	1.74	1.22	3.61	.72	.76	1.49	.84	.51	.74	
20-54 years	2.8	2.41	4.0	.27	.52	1.86	1.51	3.39	.90	.67	1.41	.67	.57	.57	
55 years and over	2.8	1.84	4.0	.19	.60	2.02	1.26	3.73	1.12	.68	1.30	.58	.37	.45	
Pregnant	75.2	2.69	4.0	.42	.56	2.17	1.89	4.03	1.13	.58	1.41	.66	.59	.58	
Nursing	75.2	3.00	4.0	.38	.57	2.36	1.92	4.27	.98	.63	1.56	.82	.80	.75	

<sup>1</sup> Amounts are for food as purchased or brought into the kitchen from garden or farm. Amounts allow for about 5 percent of the edible food as discard due to plate waste, spoilage, and the like. For general use, round the total amount of food groups for the family to the nearest tenth or quarter of a pound. In addition to groups shown, most families use some other foods: Coffee, tea, cocoa, soft drinks, punches, ades, leavening agents, and seasonings.

<sup>2</sup> Unenriched, refined bread, cereals, and flour are counted as "other foods" in the daily food guide.

<sup>3</sup> Fluid milk and beverage made from dry or evaporated milk. Cheese and ice cream may replace some milk. Count as equivalent to a quart of fluid milk: Natural or processed Cheddar-type cheese, 6 ounces; cottage cheese, 2-1/2 pounds; ice cream or ice milk, 1-1/2 quarts; unflavored yogurt, 4 cups.

<sup>4</sup> Bacon and salt pork should not exceed 1/3 pound for each 5 pounds of this group.

<sup>5</sup> Weight in terms of dry beans and peas, shelled nuts, and peanut butter. Count 1 pound of canned dry beans, such as pork and beans and kidney beans, as 1/3 pound.

<sup>6</sup> Cereal fortified with iron is recommended.

<sup>7</sup> For pregnant and nursing teenagers, 7 quarts is recommended.

Table 2. Food list for a month based on the thrifty food plan for an average 4-person household receiving food stamps

Foods	Amount	Foods	Amount
Milk (includes nonfat dry milk) . . . . .	54 qt	Fruit, canned . . . . .	5-1/2 lb
Cheese . . . . .	4-3/4 lb	Fruit juice, canned . . . . .	2-1/2 lb
Ice cream . . . . .	6 qt	Lettuce, salad greens . . . . .	4 lb
Beef . . . . .	13 lb	Cabbage . . . . .	2-1/2 lb
Pork . . . . .	6-1/2 lb	Other fresh vegetables . . . . .	7-1/2 lb
Variety meat . . . . .	3-1/2 lb	Snapbeans, canned . . . . .	2 lb
Poultry . . . . .	7 lb	Green peas, canned . . . . .	2 lb
Fish . . . . .	2 lb	Other canned and frozen vegetables, vegetable soup . . . . .	7 lb
Eggs . . . . .	5 doz	Flour and mixes . . . . .	12 lb
Dry beans . . . . .	2-1/2 lb	Cornmeal . . . . .	3 lb
Mature beans, canned . . . . .	4 lb	Rice or pasta . . . . .	6 lb
Peanut butter . . . . .	2-1/2 lb	Ready-to-eat cereal, other cereal . . . . .	8 lb
Carrots . . . . .	3 lb	Bread . . . . .	26 lb
Dark-green leafy vegetables . . . . .	2 lb	Crackers . . . . .	2-1/2 lb
Other dark-green and deep-yellow vegetables . . . . .	1-1/2 lb	Other bakery products; soups, mainly rice or pasta . . . . .	11-1/2 lb
Citrus fruit or juice . . . . .	17 lb	Margarine, butter . . . . .	5 lb
Tomatoes, tomato products . . . . .	9 lb	Shortening, oil or salad dressing . . . . .	5 lb
Potatoes . . . . .	24 lb	Sugar . . . . .	8 lb
Apples . . . . .	8-1/2 lb	Other sweets . . . . .	5-1/2 lb
Bananas . . . . .	5 lb		
Other fresh fruit . . . . .	8-1/2 lb		

NOTE: Provides for the average food needs (as suggested in the thrifty food plan for men, women, and children of different ages) of 4-person households receiving food stamps. National Survey of Food Stamp and Food Distribution Program Recipients, November 1973. In addition to foods listed, most families use some other foods: Coffee, tea, cocoa, soft drinks, punches, ades, leavening agents, and seasonings. Approximately 5 percent above the cost of the foods on the list is allowed for purchase of these foods when costs for the plan are estimated.



Table 3. A week's menus based on the thrifty food plan

	SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
B R E A K F A S T	Orange juice French toast Sirup Beverage	Orange juice Ready-to-eat cereal Toast Beverage	Peaches, sliced Grits Cinnamon toast Beverage	Orange juice Eggs Pan-fried potatoes Toast Beverage	Peaches, sliced Ready-to-eat cereal Toast Beverage	Apple juice Farina Toast Beverage	Apples, quartered Pancakes Sirup Beverage
L U N C H	Beef pot roast Gravy Mashed potatoes Mixed vegetables Bread Ice milk Beverage	Grilled cheese Sandwiches Macaroni salad Baked apples Beverage	Frankfurters Sauerkraut Bread Oatmeal cookies Beverage	Beef macaroni soup Saltine crackers Plums Beverage	Noodle soup Peanut butter and jelly sandwiches Carrot sticks Graham crackers Beverage	Frankfurter bean soup Saltine crackers Oatmeal cookies Beverage	Cheese sandwiches Gelatin (with apple juice and celery) Meringue pie Beverage
D I N N E R	Beans in tomato sauce Macaroni salad Pear halves Cornbread Gelatin Beverage	Beef stew with vegetables Cornbread Ice milk Beverage	Beef pie with vegetables Refrigerator biscuits Lettuce wedges with dressing Peanut butter cake Beverage	Fried chicken Rice Gravy Corn Bread Peanut butter cake Beverage	Beef patties Baked potatoes Stewed tomatoes Muffins Ice milk Beverage	Cheese rarebit on toast French-fried potatoes Collards Meringue pie Beverage	Spaghetti with meat sauce Tossed salad (lettuce, carrots, dressing) Bread sticks Ice milk Beverage
S N A C K	Ready-to-eat cereal	Bread and jelly sandwiches	Cheese and saltine crackers	Ready-to-eat cereal	Peanut butter cake	Graham crackers	Ready-to-eat cereal

Note: Milk for everyone at least once daily, and for children, teenagers, and pregnant and nursing women, more often. Spreads for bread and sugar for cereal, coffee, and tea may be added if desired.



developing the plan, minimal changes in average consumption patterns required to meet nutritional and cost constraints were systematically identified by use of a quadratic programming model. Generally, changes were reductions in quantities of meat, poultry, and fish, fruit, and vegetables (other than potatoes), and increases in quantities of potatoes, dry beans, and grain products. Figure 1 shows how food in the TFP compares with average food consumption patterns for a four-person household from a more recent survey conducted in spring 1977.

### Nutritive Value of TFP

The TFP provides for nutritious diets. It was designed in 1975 to provide the Recommended Dietary Allowances (RDA) set in 1974 by the National Academy of Sciences-National Research Council (NAS-NRC) for protein, calcium, iron, magnesium, vitamin A, thiamin, riboflavin, niacin, vitamin B<sub>6</sub>, vitamin B<sub>12</sub>, and vitamin C. To meet their iron allowances, young children, teenage girls, and

women of childbearing age will need to select frequently foods that provide important amounts of iron, such as liver, heart, kidney, economical lean meats, dry beans, dry peas, dark-green vegetables, dried fruits, cereals with added iron, and molasses. Such special selections are also necessary for meeting allowances for iron in the more expensive food plans. Levels of vitamin B<sub>6</sub> and magnesium in the TFP for a few sex-age categories were below the RDA but above levels in usual consumption patterns.

Estimates were not made of levels provided by the plan of some nutrients for which there are allowances. Phosphorus levels were not calculated but are known to be well above the allowances in most U.S. diets. The use of iodized salt is recommended as an efficient way to supplement dietary iodine. The requirement for vitamin D for normal persons can be met by exposure to sunlight. However, for infants and elderly persons whose activities limit their exposure to sunlight, the allowance should be provided in the diet by such foods as eggs, liver, butter, and milk

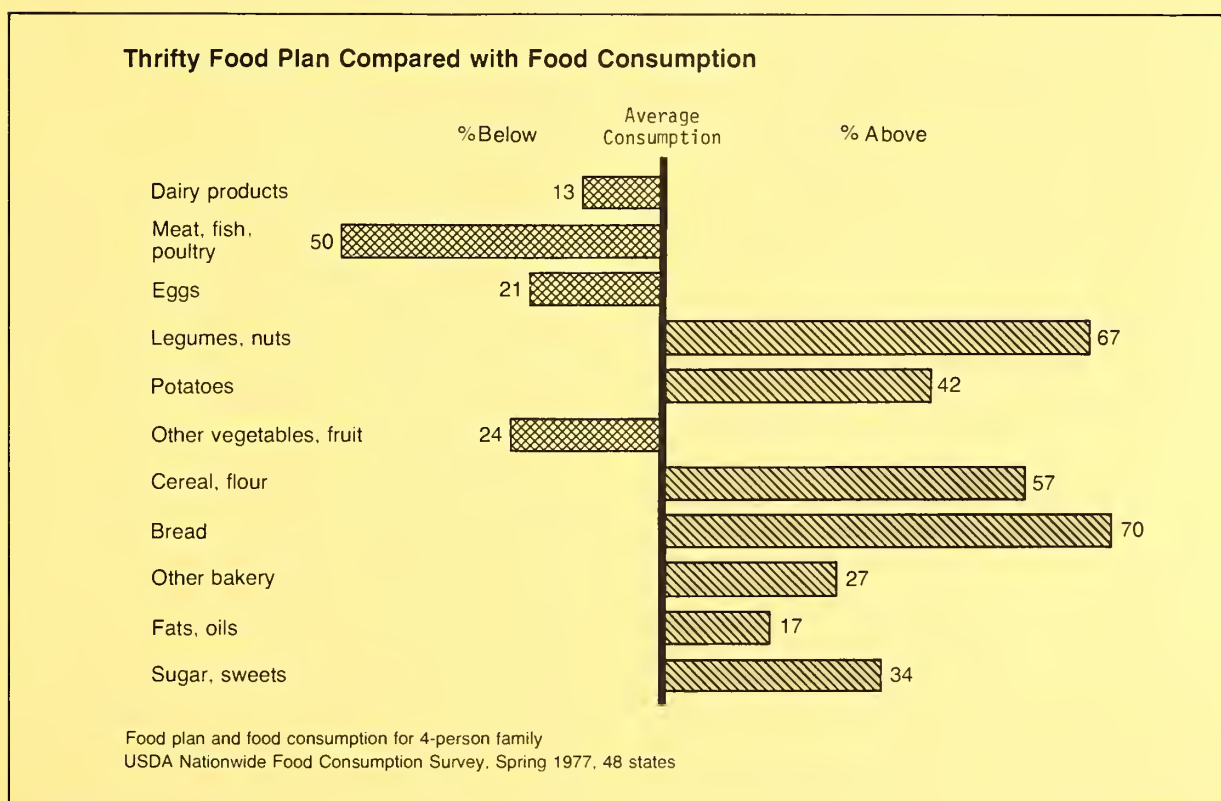


Figure 1

fortified with vitamin D or by supplementation. Insufficient reliable information was available on the content in foods of three other nutrients for which allowances were set in 1974—vitamin E, folacin, and zinc—to make reliable estimates of levels provided by the plans.

A TFP developed to meet the RDA would be expected to provide generous amounts of nutrients for most persons. The NAS-NRC states that the basis for the RDA is such that “even if a person habitually consumes less than the recommended amounts of some nutrients, his diet is not necessarily inadequate for those nutrients.” Although USDA uses the RDA as a standard in developing food plans, it recognizes that failing to meet the RDA does not imply dietary inadequacy. This is fortunate, because nationwide studies show that very few people—rich or poor—have diets every day that meet the RDA for all nutrients. These studies also show that average calorie intakes for sex-age categories are as much as 25 percent below the RDA for energy; yet obesity continues to be a national problem.

Fat provides 30-39 percent of energy in the TFP, depending on the sex-age category. Sugars, other than found naturally in foods, in the plan provide 12 to 16 percent of energy—less than levels in consumption patterns used as the basis for the plan. Cholesterol levels do not exceed 350 mg per day.

### Allowance for Food Waste

In developing the plan, the RDA were increased by 5 percent to allow for some discard of edible food without jeopardizing the nutritional quality of the diet. (The discard of inedible parts of food, such as excessive fat and drippings from meat and poultry, peelings and bone, and losses of vitamins in cooking, is allowed for in the nutritive values used.) Allowance for edible discard is believed necessary because some edible food is discarded in most homes in the preparation of food, as plate waste, or due to spoilage. Household discard of edible food of 5-11 percent has been estimated from admittedly inconclusive studies of food waste by USDA and the University of Arizona. . . .

### How TFP Costs Are Estimated

U.S. average costs of foods in the TFP for individuals in each of the 14 sex-age categories and for selected families are estimated by the Consumer Nutrition Center each month and released by USDA. (Costs for the other three plans—low-cost, moderate-cost, and liberal—are also estimated.) Average prices paid for almost 2,000 foods by survey households with relatively low food costs are used as basis for the TFP estimates. Such prices reflect the assortment of food container sizes and brands, quality of food selected, and price levels of stores of purchase for families who use food at relatively low cost. Prices are updated monthly using the Bureau of Labor Statistics' Consumer Price Index for the most detailed food groupings.

The September 1980 cost for foods in the TFP for the four-person household (\$233 per month) is the basis for the food stamp allotment for four-person households with no income (effective for the 1981 calendar year, in accordance with the Food Stamp Act Amendments of 1980). For smaller and larger households, the maximum allotment is adjusted for the number of household members and for economies associated with buying and using food in large households relative to small ones.

Many households, whether or not they are eligible for food stamps, do not select nutritious assortments of food. Receipt of enough food stamps to buy the TFP, of course, will not assure that the recipient gets a nutritious diet. Food stamp recipients may not use their stamps to purchase foods as suggested in the TFP. They may make more or less economical and nutritious choices than those in the plan.

The TFP is but one of many combinations of foods that could be developed at extremely low cost. Amounts of food groups in consumption patterns could be changed in other ways to provide nutritious diets. While such combinations would deviate further than the thrifty plan from food consumption patterns as reported in 1965-66, they might be as acceptable as the TFP to some households. Other plans at the same or lower cost than the TFP could be developed if selections of foods within food groups were limited to only those foods which are less expensive, rather than



selections typical of those in survey households. However, for purposes of estimating the nutritive value and the cost of a plan for use nationwide, average selections of foods in food groups based on those made by survey families with relatively low food costs have been used.

### TFP Costs and the Cost and Quality of U.S. Diets

The Nationwide Food Consumption Survey 1977-78 provides information that shows that some households spend at levels below the maximum food stamp allotment level based on the cost of the TFP. It also shows that some households spending at the maximum allotment level used food that provides the RDA for 11 nutrients studied.

The TFP was developed at a cost level below which 10 percent of U.S. households spent in 1965-66. In 1977-78, of over 14,000 U.S. households surveyed, 11.6 percent used food

at home during the survey week valued at less than the maximum food stamp allotment for a household of that size.

The nutritive value of household diets was estimated and compared to the 1974 RDA for 11 nutrients. (This is but one of several measures of nutritional quality of household diets that might be used.) Of households using food valued at the full food-stamp-allotment level, 9 percent used food that met the RDA for 11 nutrients and 33 percent used food that met 80 percent or more of the RDA for 11 nutrients. . . .

Since the TFP was developed in 1975, new information has become available on food consumption and food prices of households (Nationwide Food Consumption Survey 1977-78), on nutritional goals (1980 Recommended Dietary Allowances and other dietary standards), and on the content of several additional nutrients in an increasing number of foods. USDA is now using this new information to evaluate and revise the thrifty food plan as well as the other more costly plans.

## FINAL REPORT OF PRESIDENT'S COMMISSION ON PENSION POLICY<sup>1</sup>

An article in the Spring 1981 issue of *Family Economics Review*<sup>2</sup> included a discussion of concerns related to the Nation's retirement, survivor, and disability systems that were being considered by the President's Commission on Pension Policy. The Commission, established by President Jimmy Carter, has now made final recommendations in the report *Coming of Age: Toward a National Retirement Policy*. The Commission believes a desirable goal for retirement income is the complete replacement of preretirement dis-

posable income. The proposals for attainment of this goal include recommendations for a long-term shifting from dependency on pay-as-you-go financed Federal programs—such as social security, welfare, and in-kind benefit programs—to a strengthened and balanced program of employee pensions, social security, and individual efforts.

Employee pensions. The Commission recommends a Minimum Universal Pension System (MUPS). The proposed system would be established for all workers and funded by employer contributions. All employees over the age of 25 having 1 year of service and 1,000 hours of employment with their employer would be eligible, with vesting of benefits beginning immediately. The MUPS benefit would supplement social security benefits and could not be integrated with social security. One major concern of the Commission

<sup>1</sup> A copy of the complete report, *Coming of Age, Toward a National Retirement Income Policy*, 1981, is available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402, for \$5.50. Ask for Stock No. 040-000-00450-5.

<sup>2</sup> Schwenk, Frankie N., 1980, Pensions, *Family Economics Review*, pp. 8-13, Spring issue, U.S. Department of Agriculture, Agricultural Research Service.

was the need for portability; that is, the carrying of pension rights from job to job. The proposed MUPS would have portable benefits and would establish a clearinghouse for benefit records in the Social Security Administration.

Two additional concerns considered by the Commission were (1) the tendency of workers to "cash-out" or take funds out of pension funds when they left jobs, thereby reducing later security, and (2) the lack of benefits for some spouses. The final report addresses these concerns by recommending that all cash-outs of pension benefits over \$500 be prohibited unless transferred to an IRA (Individual Retirement Account) or the plan of a subsequent employer. In regard to spouse benefits, the report recommends that postretirement survivor protection under the pension plan should be mandatory unless a waiver is signed jointly, with each spouse being a willing and knowledgeable signatory. Similarly, the survivor option should be provided automatically to the survivors of workers who die in the 10-year period prior to normal retirement age. The pension entitlement earned during the marriage should be divisible in separation or divorce.

**Social security.** To strengthen the social security component of retirement income, the Commission recommends mandatory universal social security coverage. Specifically, it recommends extending social security coverage to all new workers who otherwise would not be covered. The Commission believes that individuals who are already retired and workers eligible for immediate retirement should not be affected by any modification of a pension system caused by coordination with social security coverage. Social security should not replace an existing pension system for workers who are not covered by social security. Rather, an existing system should be modified to take into account benefits available under social security. To help solve the longrun financing problem in the current social security system, an increase in the normal retirement age from 65 to 68 should be phased in over a 12-year period beginning in the year 1990. Pension

plans should be allowed to increase their normal retirement age in tandem with social security. The Commission recommends that upon divorce the shared earnings concept be used; that is, the annual earnings for each year of marriage would be divided equally. Upon death of the social security participant, the survivors would inherit the earnings credit of their spouses. The shared earnings concept is not recommended for disability.

The Commission also recommends that tax treatment on social security should be changed so that at the time of filing the employee would take a tax deduction or tax credit for his or her contribution. Taxes would be paid when social security benefits are received. As this is phased in, the social security earning test would be phased out.

**Individual efforts.** To increase individual savings, favorable tax treatment should be extended to include employee contributions to pension plans. A refundable tax credit also is recommended for low- and moderate-income people to encourage voluntary individual retirement savings and employee contributions to plans.

Alternative work patterns for older workers should be encouraged and developed through research and demonstration programs in existing Federal employment programs. Job retraining and job redesign for older workers in private industry also should be encouraged.

To provide inflation protection for retirement income, the Commission recommends that the Bureau of Labor Statistics develop a separate cost-of-living index for the retired. Until a new index is developed for the retired, Federal pensions should be adjusted on the basis of average Federal wage increases or the Consumer Price Index, whichever is lower. As a long-term goal, inflation adjustment for employee pensions should be encouraged through tax policy but, in the short term, is not recommended since emphasis should be placed on expanding pension coverage to more people rather than providing full inflation protection to some.



## PERSPECTIVES ON WORKING WOMEN: A DATABOOK

In June 1980, nearly 45 million women—more than half of all women 16 years of age and older—were in the labor force. These women made up 43 percent of the work force compared with 32 percent in 1955. The number of children with mothers in the labor force also increased since 1955, reaching 30.1 million in March 1979. These trends and others are featured in the newly revised publication, *Perspectives on Working Women: A Databook*, released by the U.S. Department of Labor's Bureau of Labor Statistics. This databook, designed to serve as a general re-

source for everyone interested in the role of women in the U.S. economy, includes 100 tables containing information on women's participation, employment, and unemployment in the labor force; extent of work experience; marital and family status; school enrollment and education; earnings and income; race and Hispanic origin; and other selected topics. Copies of the databook, Bulletin 2080, are for sale for \$4.50 by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. Ask for GPO No. 029-001-02527-1.

## CHILD SUPPORT AND ALIMONY: 1978

### Child Support

In 1978, 7.1 million women had one or more children under 21 years of age who were members of the household but whose father was not. Of these women, 48 percent were awarded and entitled to child support payments in 1978, 41 percent were not awarded payments, and 11 percent were awarded payments but were not entitled to receive them because of reasons such as death of the former spouse or children reaching age eligibility limits.

Of the women entitled to child support payments in 1978, only about three-quarters received them (about one-half received full payment while one-quarter received partial payment). Child support payments that women received averaged \$1,800 and represented one-fifth of the women's total money income of \$8,940. This was considerably higher than the average income of women who were entitled to child support payments but did not receive them (\$6,220) and women who were not awarded child support (\$4,860).

Two-thirds of the women entitled to child support payments had court-ordered agreements, and almost one-third had voluntary

written agreements. The voluntary written agreement was more effective than the court-ordered agreement. Of all women who had voluntary agreements, 68 percent were paid in full, 20 percent received partial payment, and 12 percent failed to receive payment. This compares with 40, 24, and 36 percent, respectively, for women with court-ordered agreements. The average child support payment received under voluntary written agreements was \$1,690, which was 50 percent greater than the average payment (\$1,090) received by women with court-ordered agreements.

Of all women entitled to child support payments, 1 in 6 lived below the poverty level; only three-fifths of these women received payments. The average child support payment to women in poverty was \$1,220, which represented one-third of their total money income of \$3,540. Never-married women living below the poverty level were less likely than others to be awarded child support payments. For women in poverty, neither reciprocity nor amount of child support payments differed significantly by race, Spanish origin, or education.

The proportion of women receiving child support payments and the average amount received varied by demographic characteristics (see table). Only 11 percent of never-married women were awarded child support payments, compared with 71 percent of other women. The low percentage of never-married women awarded payments may be due to the difficulty in establishing paternity. Once payments were awarded, however, never-married women were just as likely as other women to receive payment, although they received the lowest average payment. White women were more likely than black women or women of Spanish origin to be awarded child support payments. Race and Spanish origin did not seem to be factors in the reciprocity of awarded child support payments but seemed to affect the amounts received, as white women received a higher payment than did black or Spanish-origin women.

Women who did not complete high school were less likely than women with higher educational attainments to be awarded child support payments. Not only did the more educated women receive higher child support payments than their less educated counterparts, but they also reported higher total money incomes. This may be due to the positive correlation between the educational levels of husbands and wives. Since educated husbands are more likely than uneducated husbands to have a high income, they are better able to afford child support payments. Higher educated women also may be more effective in using the legal system to obtain and assure receipt of support payments.

Older women were more likely than younger women to be awarded child support payments. Although age did not affect the reciprocity of awarded payments, it was positively associated with the amount received. The number of children from an absent father did not affect reciprocity of payments; however, the average child support payment increased with the number of children.

## Alimony

Of the 14.3 million ever-divorced or separated women in 1978, only about 2 million (14 pct) were awarded alimony or maintenance payments or had an agreement to receive them. Of these women, about 760,000 were entitled to payments in 1978. Approximately two-thirds (69 pct) of the women entitled to payments actually received them, with an average payment of \$2,850. The mean total money income for women receiving payments (\$11,060) was higher than that for women due payments but not receiving them (\$7,270).

The percentage of women who were awarded alimony or maintenance payments or had an agreement to receive them showed little variation by selected characteristics. The most pronounced difference in the likelihood of alimony payments awarded was between white women (16 pct) and black women (7 pct). Approximately 13 percent of Spanish-origin women were awarded payments, not significantly different from the percentage of all women.

Reciprocity for women entitled to alimony or maintenance payments in 1978 also varied little according to selected demographic and economic characteristics. The likelihood of white women receiving payments was not significantly different from that of black women or women of Spanish origin. Age, work status, years of schooling, and presence of own children had little apparent effect on reciprocity. However, women who were divorced or separated during the 1975-78 period were more likely to receive payments (84 pct) than those divorced or separated before 1975 (54 pct).

---

Source: U.S. Department of Commerce, Bureau of the Census, 1980, Child support and alimony: 1978 (advance report), *Current Population Reports*, Special Studies, Series P-23, No. 106.

Women with children present under 21 years of age from an absent father:<sup>1</sup>  
Child support payments awarded and received in 1978

Characteristics of women	Number of women	Awarded child support payments	Entitled to receive child support in 1978 <sup>2</sup>			
			Number of women <sup>2</sup>	Actually received child support		
				Total	Mean child support	Mean total money income
	Thousands	Percent	Thousands	Percent	-----Dollars-----	
All women . . . . .	7,094	59.1	3,424	71.7	1,799	8,944
Current marital status						
Married <sup>3</sup> . . . . .	2,006	77.1	1,145	68.3	1,602	7,187
Divorced . . . . .	2,390	79.8	1,693	73.3	1,951	10,582
Separated . . . . .	1,257	45.1	463	72.6	1,906	8,177
Widowed <sup>4</sup> . . . . .	67	( <sup>5</sup> )	16	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>5</sup> )
Never married . . . . .	1,374	10.6	107	81.3	976	4,522
Race and Spanish origin						
White . . . . .	5,085	70.7	2,973	72.9	1,861	9,183
Black . . . . .	1,895	28.8	413	63.0	1,294	7,271
Spanish origin <sup>6</sup> . . . . .	521	43.8	191	65.4	1,318	6,922
Years of school completed						
Less than 12 years . . . . .	2,365	46.3	870	61.4	1,503	6,611
High school: 4 years . . . . .	3,157	63.7	1,650	72.9	1,664	7,937
College:						
1-3 years . . . . .	1,117	68.6	629	76.6	2,089	10,395
4 years or more . . . . .	455	71.0	274	85.8	2,574	16,439
Age						
18-29 years . . . . .	2,585	46.0	1,024	69.2	1,286	6,927
30-39 years . . . . .	2,654	67.4	1,506	73.4	1,876	9,135
40 years and over . . . . .	1,854	65.6	894	71.6	2,236	10,853
Number of children						
1 child . . . . .	3,627	55.2	1,560	70.3	1,288	8,507
2 children . . . . .	2,100	65.4	1,185	74.3	1,995	9,168
3 children . . . . .	830	61.8	426	69.7	2,528	9,710
4 children or more . . . . .	537	57.2	253	71.5	2,752	9,252

<sup>1</sup>As of March 1979.

<sup>2</sup>Excludes those women who were awarded payments but were not entitled to receive them because of reasons such as the death of the former spouse or the children reaching age eligibility limits.

<sup>3</sup>Remarried women whose previous marriage ended in divorce.

<sup>4</sup>Widowed women whose previous marriage ended in divorce.

<sup>5</sup>Base less than 75,000.

<sup>6</sup>Persons of Spanish origin may be of any race.

Source: U.S. Department of Commerce, Bureau of the Census, 1980, Child support and alimony: 1978 (advance report), *Current Population Reports*, Special Studies, Series P-23, No. 106.



## URBAN FAMILY BUDGETS—AUTUMN 1980

The Bureau of Labor Statistics has updated to autumn 1980 its three hypothetical annual budgets for an urban family and the comparative indexes for selected urban areas. This updating reflects changes in prices and personal taxes from autumn 1979 to autumn 1980.

In autumn 1980, the U.S. average cost of the lower budget for an urban family of four was \$14,044 a year; the intermediate level, \$23,134; and the higher level, \$34,409 (see table). These budgets represent an increase in cost of the total budget over autumn 1979 of 11.6 percent for the lower budget, 12.8 percent for the intermediate budget, and 13.5 percent for the higher budget. These are the largest increases since 1974. The intermediate and higher budgets rose more than the lower budget in 1980 because of large increases in taxes and homeowner costs.

With the exception of housing and taxes, costs went up about the same for each budget level. Personal income taxes and transportation costs showed the largest increase and

clothing the smallest increase. Housing increased more in the two higher budget levels than in the lowest level because homeowner costs, which are included only in the intermediate and higher budgets, increased more than rental costs. Personal income taxes rose more at the lower budget level; however, the impact of the increases is more pronounced at the higher levels because taxes constitute a larger share of the total budget at these levels.

The budgets represent the costs of three hypothetical lists of goods and services that were specified in the midsixties to portray three relative standards of living. The hypothetical urban family of four is defined as a 38-year-old husband employed full time, a nonworking wife, a boy of 13, and a girl of 8.

Source: Department of Labor, Bureau of Labor Statistics, 1981, Autumn 1980 urban family budgets and comparative indexes for selected urban areas, *News USDL* 81-195.

Annual budgets for a 4-person family at 3 levels of living,  
urban United States, autumn 1980

Component	Lower	Intermediate	Higher
Total budget. . . . .	\$14,044	\$23,134	\$34,409
Total family consumption. . . . .	11,243	16,969	23,266
Food. . . . .	4,321	5,571	7,024
Housing. . . . .	2,608	5,106	7,747
Transportation . . . . .	1,160	2,116	2,751
Clothing . . . . .	907	1,292	1,888
Personal care . . . . .	352	471	668
Medical care. . . . .	1,298	1,303	1,359
Other family consumption . . . . .	597	1,109	1,829
Other items . . . . .	583	957	1,610
Social security & disability . . . . .	881	1,427	1,608
Personal income taxes . . . . .	1,337	3,781	7,924

Source: Department of Labor, Bureau of Labor Statistics, 1981, Autumn 1980 urban family budgets and comparative indexes for selected urban areas, *News USDL* 81-195.

Note: Because of rounding, sums of individual items may not equal totals.



## HOUSING AND URBAN DEVELOPMENT ABSTRACTS

**Earth Sheltered Housing: Code, Zoning, and Financing Issues**, U.S. Department of Housing and Urban Development. Ray Sterling, Roger Aiken, and John Carmody of the Underground Space Center, University of Minnesota. 1980.

Interest in the use of earth sheltered housing has expanded in recent years, particularly because of concerns for energy conservation and environmental quality. This study was aimed at determining whether use of earth sheltered housing is likely to continue to expand and whether such expansion is being hindered by unnecessary restraints. Two key questions are raised: Does earth sheltered construction offer sufficient net advantages in relation to other types of housing to sustain a widespread continued increase in its use? Are there legal, regulatory, or financing restraints that will make this a difficult option to pursue? To answer these questions, the study reviews the concept and development of earth sheltered housing, including a historical background and the present status of construction and research activity. Advantages and disadvantages are discussed, as are the issues and constraints in building codes and zoning ordinances. Financing practices and impediments are reviewed and specific suggestions for potential owners are presented. The appendices include references and related talks and papers. Single copies of *Earth Sheltered Housing: Code, Zoning, and Financing Issues*, PDR-585, are available free from HUD USER, P.O. Box 280, Germantown, Md. 20874.

**Departmental Programs**, U.S. Department of Housing and Urban Development. 1980.

This booklet contains a brief description of each HUD program including information on grants, guarantees, loans, mortgage and loan insurance, home-ownership and rent subsidies, and technical assistance. Single copies of *Departmental Programs*, HUD-80-370, are available free from HUD, Publication Service Center, 451 - 7th Street, SW., Washington, D.C. 20410.

**How Well Are We Housed, Volume 6: Larger Households**, U.S. Department of Housing and Urban Development, Office of Policy Development and Research. Ruth Limmer. 1980.

This report, part of a series on the housing conditions of various groups within the population, discusses the inadequacies of the housing of large families in the United States. The large household, composed of six people or more, decreased from 10.7 percent of total households in the country in 1970 to 7.1 percent in 1976. Although the rate of flawed housing for the entire Nation is 10 percent, it is 17 percent for large households. The likelihood of being inadequately housed is greatest in the rural West and in the New York City area and is smallest in the North Central region. Single copies of *How Well Are We Housed, Volume 6: Larger Households*, PDR-543, are available free from HUD USER, P.O. Box 280, Germantown, Md. 20874.

**Occasional Papers in Housing and Community Affairs, Volume 6**, U.S. Department of Housing and Urban Development, Office of Policy Development and Research. Bernard Ross, editor. 1979.

This volume presents three papers that carefully assess various aspects of the Section 8 Rental Assistance Program and one paper that provides a state-of-the-art review of research to date on housing-market discrimination. The first paper provides a broad impact evaluation of the section 8 existing program; it examines the extent to which the demand-side approaches can achieve objectives related to the improvement of housing and neighborhoods, consumer sovereignty, program efficiency, program equity, and administrative simplicity. The second paper focuses on the verification of household income under section 8, while the third paper examines the rent-reduction-credit feature of the program. The final paper reviews research on housing-market discrimination, distinguishing between discrimination and

segregation. Various potential causes of observed price differentials between housing submarkets occupied by blacks and whites are analyzed, and the process of neighborhood racial transition is discussed. A comprehensive agenda for research related to the achievement of freedom of choice and integration is developed. Single copies of *Occasional Papers in Housing and Community Affairs, Volume 6*, PDR-497-6, are available free from HUD USER, P.O. Box 280, Germantown, Md. 20874.

**Families and Housing Markets: Obstacles to Locating Suitable Housing**, U.S. Department of Housing and Urban Development, Office of Policy Development and Research. Margaret C. Simms of the Urban Institute. 1980.

This report is one of several supporting research papers for HUD's Office of Policy Development and Research contributing to the White House Conference on Families. The contribution was summarized in "Housing Our Families," which was abstracted in *Family Economics Review* Spring 1981 issue. Abstracts of two other supporting research papers, "How Restrictive Rental Practices Affect Families with Children" and "Measuring Restrictive Rental Practices Affecting Families with Children," were also published in the Spring 1981 issue.

This report presents the conceptual framework for assessing the housing problems of various types of families that was used in "Housing our Families," as well as the background materials used in some of that report's chapters. The current position of individuals and families in the housing market is evaluated. The determinants of family housing quality are categorized into demand and supply factors. Relevant literature that deals with housing problems of families is reviewed. Income on the demand side and discrimination on the supply side are identified as the most important obstacles to securing appropriate housing for families of various types. A research and policy agenda is presented based on the review. Single copies of *Families and Housing Markets: Obstacles to Locating Suitable Housing*, PDR-654, are available free from HUD USER, P.O. Box 280, Germantown, Md. 20874.

**Housing Costs in the United States and Other Industrialized Countries 1970-1977**, U.S. Department of Housing and Urban Development, Office of Policy Development and Research. E. Jay Howenstine. 1979.

This study compares the average annual rates of increase in the cost of new housing and rents in the United States and 20 industrialized countries throughout the world. The average rate of increase in the cost of new housing for the period 1970-77 ranged from a low of 4.8 percent in Switzerland to a high of 17.3 percent in New Zealand. The United States experienced an average rate of increase of 8.5 percent, placing it just into the lower range of countries. In all but two countries, Japan and Switzerland, rates of increase in new housing costs were higher than rates of increase in the Consumer Price Index, with the United States falling midrange in the array of countries. The United States was the lowest of all countries in the average annual rate of increase in building labor costs and rents. Single copies of *Housing Costs in the United States and Other Industrialized Countries 1970-1977*, PDR-526, are available free from HUD USER, P.O. Box 280, Germantown, Md. 20874.

**Evaluation of Alternatives for Financing Low and Moderate Income Rental Housing**, U.S. General Accounting Office. 1980.

This report presents a comprehensive analysis of alternative financing mechanisms for the production of rental housing under section 8 of the National Housing Act, HUD's principal housing assistance program for low- and moderate-income households. A framework is developed to identify and analyze relevant factors (such as cost efficiency, financial risk, life cycle costs, and tenants served) so that recommendations can be made. The section 8 alternatives are also compared with financing mechanisms under the conventional public housing program. Single copies of *Evaluation of Alternatives for Financing Low and Moderate Income Rental Housing*, PAD-80-13, are available free from GAO, Document Handling and Information Services Facility, P.O. Box 6015, Gaithersburg, Md. 20877.



**How Selected HUD Programs Serve Low and Moderate Income Families With Children,** U.S. Department of Housing and Urban Development, Office of Policy Development and Research. Sue Marshall and James Zais of The Urban Institute. 1980.

This paper presents a preliminary examination of the extent to which HUD programs have helped low- and moderate-income families with children secure housing. Included is a discussion of conceptual issues involved in studies of how particular population groups—such as families with children—are affected by public programs. A number of factors likely to affect participation in HUD programs by families with children are analyzed. These factors include maximum mortgage limits, prohibitions of discrimination, and the availability of systematic ownership counseling. Finally, the paper discusses possible policy directions. An appendix summarizes three types of regulations related to families with children, and a bibliography includes about 75 references. Single copies of *How Selected HUD Programs Serve Low and Moderate Income Families With Children*, No. 1418-1, are available free from The Urban Institute, 2100 M Street, NW., Washington, D.C. 20037.

**Price-Level Adjusted Mortgages (PLAMs): A Comparison With Other Mortgage Instruments,** Federal Home Loan Bank Board, Office of Policy and Economic Research. Henry J. Cassidy. 1981.

This paper describes how the price-level adjusted mortgage (PLAM) works. Advantages and disadvantages, for both borrowers and lenders, are discussed. Examples are presented and comparisons are made with the standard, fixed-payment mortgage, the variable- and renegotiable-rate mortgages, the graduated-payment mortgage, and the shared-appreciation mortgage. Single copies of *Price-Level Adjusted Mortgages (PLAMs): A Comparison With Other Mortgage Instruments*, Research Working Paper No. 90, are available free from the Federal Home Loan Bank Board, Office of Policy and Economic Development, 1700 G Street, NW., Washington, D.C. 20552.

**The Investment Demand for Housing,** Federal Home Loan Bank Board, Office of Policy and Economic Research. Thomas P. Boehm and Joseph A. McKenzie. 1981.

This paper explores the effect inflation has on tenure choice and housing demand. Data from the Institute of Social Research Panel Study of Income Dynamics on mover households that purchased a home in the 1970-78 period were used to estimate a tenure choice and a demand-for-housing equation. The results suggest that inflation adversely affects home-ownership and housing demand. Price- and interest-rate effects more than offset the positive effect that expected appreciation has on housing demand. Single copies of *The Investment Demand for Housing*, Research Working Paper No. 99, are available free from the Federal Home Loan Bank Board, Office of Policy and Economic Research, 1700 G Street, NW., Washington, D.C. 20552.

**The Conversion of Rental Housing to Condominiums and Cooperatives—Annotated Bibliography,** U.S. Department of Housing and Urban Development, Division of Policy Studies. 1980.

This bibliography references over 150 books, articles, studies, and monographs related to condominium and cooperative conversion. Each entry is thoroughly annotated; information on how to obtain many of the sources is also included. The publication is part of a group of materials prepared by HUD on condominium- and cooperative-conversion activity throughout the country. Included in the series are *The Conversion of Rental Housing to Condominiums and Cooperatives: A National Study of Scope, Causes and Impacts* (abstracted in *Family Economics Review*, Spring 1981) and two appendix volumes to the study report. Single copies of *The Conversion of Rental Housing to Condominiums and Cooperatives—Annotated Bibliography*, PDR-554-3, are available free from HUD USER, P.O. Box 280, Germantown, Md. 20874.

**Directory of Federal Statistics for Local Areas: A Guide to Sources—Urban Update 1977-78**, U.S. Department of Commerce, Bureau of the Census, 1979.

This urban update is a supplement to the *Directory of Federal Statistics for Local Areas*. Together, these volumes show which government reports provide statistics for cities and other local areas. They cite reports published

by the Census Bureau and other Federal Agencies. Both are for sale from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402, as follows: *Directory of Federal Statistics for Local Areas*, GPO Stock No. 003-024-01553-6, \$5.50. *Directory of Federal Statistics for Local Areas: A Guide to Sources—Urban Update 1977-78*, GPO Stock No. 003-024-02167-6, \$4.50.

## INTEREST RATES FOR HUD/FHA AND VA MORTGAGES

The U.S. Department of Housing and Urban Development (HUD) increased the maximum allowable interest rate for Federal Housing Administration (FHA)-insured, *level-payment mortgages* for single-family homes to 16.5 percent, effective August 17, 1981. The Veteran's Administration (VA) simultaneously made the same change for the maximum allowable interest rate for VA-guaranteed home mortgage loans. The higher interest rate will cost the purchaser of a home with a \$60,000, 30-year level-payment mortgage about an additional \$49 per month.

The new rate exceeds the previous record high that was in effect during the summer of 1981. The following table shows the history of maximum allowable interest rates on HUD/FHA-insured mortgages since the beginning of the program.

The interest rate ceiling on HUD/FHA-insured *graduated payment mortgages* (GPM's) for single-family houses was raised to 17 percent, up from 16 percent. HUD first began setting an interest-rate ceiling specific to GPM's effective August 20, 1980. There have been six changes in the ceiling rates since that time, with the GPM-specific rate consistently 0.5 percent higher than the rate for level-payment mortgages. The monthly payments on GPM's start lower than for level-payment mortgages, but rise over time.<sup>1</sup>

Rates on conventional mortgages, those not backed by the Government, have risen

above the HUD/FHA and VA ceiling, making lenders reluctant to write the Government-backed loans. To bridge the difference between the FHA/VA ceiling and what lenders can earn on a conventional mortgage, lenders charge points (1 point equals 1 pct of the mortgage) which, in effect, represents a prepayment of the interest differential. Because FHA/VA buyers cannot pay more than 1 discount point, sellers must cover this cost. As a result, sellers are discouraged from selling to people with the FHA/VA financing. With the increased allowable interest rate, the number of discount points required by lenders should be reduced, preventing sellers from increasing prices to avoid absorbing the points cost. The rate change should help maintain FHA/VA as a financing alternative for those who need the more favorable terms of these Government-backed mortgages.

The Housing and Community Development Act of 1980 directed HUD to adjust the FHA ceiling rate frequently enough to minimize discount points, especially in times of rising interest rates. HUD has adjusted the rate five times since October 8, 1980, the effective date of that legislation. The increase from 13 percent, which was in effect in October, to the current 16½ percent translates into an additional \$167.40 per month for buyers with \$60,000, 30-year level-payment mortgages.

The act also created a demonstration program (which was just approved), that allows 1,000 FHA single-family mortgages in each of the 10 HUD regions with a firm 30-day loan commitment to be written at a negotiated rate of interest, thus more accurately reflecting market conditions.

<sup>1</sup> For more information on GPM's, see "New mortgage designs," by Carolyn S. Edwards, *Family Economics Review*, Fall 1978, pp. 8-16.



HUD/FHA maximum allowable interest rates—single family houses

Rate (Percent)	Period	
5 — 5-1/2 . . . . .	November 27, 1934	— June 23, 1935
5 . . . . .	June 24, 1935	— July 31, 1939
4-1/2 . . . . .	August 1, 1939	— April 23, 1950
4-1/4 . . . . .	April 24, 1950	— May 1, 1953
4-1/2 . . . . .	May 2, 1953	— December 2, 1956
5 . . . . .	December 3, 1956	— August 4, 1957
5-1/4 . . . . .	August 5, 1957	— September 22, 1959
5-3/4 . . . . .	September 23, 1959	— February 1, 1961
5-1/2 . . . . .	February 2, 1961	— May 28, 1961
5-1/4 . . . . .	May 29, 1961	— February 6, 1966
5-1/2 . . . . .	February 7, 1966	— April 10, 1966
5-3/4 . . . . .	April 11, 1966	— October 2, 1966
6 . . . . .	October 3, 1966	— May 6, 1968
6-3/4 . . . . .	May 7, 1968	— January 23, 1969
7-1/2 . . . . .	January 24, 1969	— January 4, 1970
8-1/2 . . . . .	January 5, 1970	— December 1, 1970
8 . . . . .	December 2, 1970	— January 12, 1971
7-1/2 . . . . .	January 13, 1971	— February 17, 1971
7 . . . . .	February 18, 1971	— June 30, 1973
7-3/4 . . . . .	August 10, 1973	— August 24, 1973
8-1/2 . . . . .	August 25, 1973	— January 21, 1974
8-1/4 . . . . .	January 22, 1974	— April 14, 1974
8-1/2 . . . . .	April 15, 1974	— May 12, 1974
8-3/4 . . . . .	May 13, 1974	— July 7, 1974
9 . . . . .	July 8, 1974	— August 13, 1974
9-1/2 . . . . .	August 14, 1974	— November 24, 1974
9 . . . . .	November 25, 1974	— January 20, 1975
8-1/2 . . . . .	January 21, 1975	— March 2, 1975
8 . . . . .	March 3, 1975	— April 27, 1975
8-1/2 . . . . .	April 28, 1975	— September 1, 1975
9 . . . . .	September 2, 1975	— January 4, 1976
8-3/4 . . . . .	January 5, 1976	— March 29, 1976
8-1/2 . . . . .	March 30, 1976	— October 17, 1976
8 . . . . .	October 18, 1976	— May 30, 1977
8-1/2 . . . . .	May 31, 1977	— February 27, 1978
8-3/4 . . . . .	February 28, 1978	— May 22, 1978
9 . . . . .	May 23, 1978	— June 28, 1978
9-1/2 . . . . .	June 29, 1978	— April 22, 1979
10 . . . . .	April 23, 1979	— September 25, 1979
10-1/2 . . . . .	September 26, 1979	— October 25, 1979
11-1/2 . . . . .	October 26, 1979	— February 10, 1980
12 . . . . .	February 11, 1980	— February 27, 1980
13 . . . . .	February 28, 1980	— April 2, 1980
14 . . . . .	April 3, 1980	— April 27, 1980
13 . . . . .	April 28, 1980	— May 14, 1980
11-1/2 . . . . .	May 15, 1980	— August 19, 1980
12 . . . . .	August 20, 1980	— September 21, 1980
13 . . . . .	September 22, 1980	— November 23, 1980
13-1/2 . . . . .	November 24, 1980	— March 8, 1981
14 . . . . .	March 9, 1981	— April 12, 1981
14-1/2 . . . . .	April 13, 1981	— May 7, 1981
15-1/2 . . . . .	May 8, 1981	— August 16, 1981
16-1/2 <sup>1</sup> . . . . .	August 17, 1981	

<sup>1</sup> As of September 8, 1981, when *Family Economics Review* went to press.  
Source: U.S. Department of Housing and Urban Development.

## NATIONAL HEALTH-CARE EXPENDITURES

National health-care expenditures (NHE) amounted to \$212.2 billion in 1979, a 12.5-percent increase from 1978. This increase was in line with an annual average increase of 12.2 percent since 1965. From 1965 to 1979, expenditures increased more rapidly for health care than for other sectors of the economy. Thus, the health-care component of the Gross National Product rose from 6.1 percent to 9.0 percent.

The NHE is the sum of expenditures for personal health care and for the prepayment and administration of public and private health-related programs. The personal health-care component measures spending for services to individuals for hospital care, physicians' and dentists' services, nursing home care, drugs and medical sundries, and miscellaneous personal medical expenses. In 1979, the Nation spent \$188.6 billion on personal health care compared with \$80.2 billion in 1972. Price inflation accounted for 65.6 percent of the increased expenditures for personal health care, population growth accounted for 6.6 percent, and greater use or changes in the amounts and kinds of goods and services accounted for 27.8 percent.

Hospital care, physicians' services, and nursing home care accounted for more than half of health-care expenditures (see table). Al-

though increased hospital expenditures were primarily due to inflation, an increase in the number of laboratory tests, surgical operations, outpatient visits, and vacant hospital beds per day added to the cost. The increase in expenditures for physicians' services may be attributed to the following factors: (1) Increased number and specialization of doctors, (2) tendency for physicians to perform more diagnostic tests because of increasing concerns over malpractice liability, and (3) decrease in the practice of "discounting" charges for persons less able to pay, because third party payments absorb a large portion of reimbursements for services. Nursing home expenditures constituted the fastest growing health-care category. More elderly people than ever before live in nursing homes because the lifespan has lengthened and social patterns have changed in relation to family responsibility for the elderly. Increased costs of labor, fuel, and food also contributed to the growth in expenditures for nursing home care.

More than two-thirds of all personal health-care spending in 1979 was financed by third parties (public agencies, private insurers, and philanthropic and industrial organizations), up from less than one-half in 1965. While the portion of funds supplied by private health

National health expenditures

Expenditure category	1965	1979
	<i>Billions</i>	
Total . . . . .	\$42.0	\$212.2
Personal health care . . . . .	<sup>1</sup> 36.0	<sup>1</sup> 188.6
Hospital care . . . . .	13.9	85.3
Physicians' services . . . . .	8.5	40.6
Nursing home care . . . . .	2.1	17.8
Drugs and medical sundries . . . . .	5.2	17.0
Dentists' services . . . . .	2.8	13.6
Other personal care . . . . .	3.6	14.2
Administration, prepayment, public health activity, research, and construction . . . . .	6.0	23.6

<sup>1</sup>Subcategories may not add up to this amount due to rounding. . . . .

Source: Gibson, Robert M., 1980, National health expenditures, 1979, *Health Care Financing Review*, summer issue, U.S. Department of Health and Human Services, Health Care Financing Administration.



insurers increased slightly between 1965 and 1979, public spending nearly doubled, primarily as a result of the establishment and expansion of the federally funded Medicaid and Medicare programs. In 1979, 40.2 percent (\$75.9 billion) of personal health-care spending was financed by public spending, 26.7 percent (\$50.3 billion) by private insurers, and 1.3 percent (\$2.4 billion) by private phil-

anthropic and industry groups. The remaining 31.8 percent (\$60.0 billion) was financed by direct payments from consumers.

---

Source: Gibson, Robert M., 1980, National Health expenditures, 1979, *Health Care Financing Review*, summer issue, U.S. Department of Health and Human Services, Health Care Financing Administration.

## EVALUATING BENEFITS FROM RESEARCH IN HOME ECONOMICS

In the past, home economics has not had the financial support necessary to produce a coherent body of basic or applied research findings partly because it encompasses many diverse and interrelated variables. This complexity often complicates efforts to evaluate the benefits of home economics research. With increasing concerns over rising levels of public expenditures, there is pressure for accountability in research and for information on the expected payoffs from money invested in research activities. Demonstrating, through project evaluation, that research findings can have a positive effect on families has become an important factor in acquiring initial and ongoing support for family-related research programs.

Evaluating research projects is best accomplished when the necessary information is anticipated while the research is being planned. In this way the data necessary for the evaluation process can be gathered at the same time as data for the research project. The researcher can begin this task by answering the following questions:

- What are the objectives of the research project?
- Who are the users and beneficiaries of the information that will come out of this project?
- By what method will the users and beneficiaries receive the information?
- How will the benefits to each group be measured?
- What will be the project costs and how will they be measured?
- What kinds of records should be kept?

Benefit-cost and cost-effectiveness analyses can be valuable tools for demonstrating to decisionmakers that home economics research makes a difference. These analyses should be used in the early stages of the decisionmaking process, keeping costs and benefits in mind as an aid in making decisions about resources.

Using benefit-cost analysis, research benefits are evaluated in dollar terms. The actual costs are subtracted from the benefits. It is often difficult, however, to put a dollar value on benefits. For example, improved parent-child relationships cannot be assigned a dollar value. Benefits may be found in costs avoided, however, such as costs of crisis intervention services.

For benefits that cannot be quantified, cost-effectiveness analyses may be used. It is much more difficult to document results when output cannot be quantified; therefore, it is extremely important to develop a rationale of need for those anticipated benefits when using cost effectiveness. For example, the cost-effectiveness method could be used to evaluate several alternative strategies for control of vitamin deficiency to determine which strategies would provide the necessary results at the least cost.

Because cost-benefit and cost-effectiveness analyses are respected methods for measuring payoffs from projects, it is advisable to use these evaluative methods whenever possible. Several other methods, however, can give possible indications of the value of a particular research.

Evaluative methods can be used in many phases of home economics. A 1979 report,

*Costs and Benefits of Nutritional Care*, produced by the American Dietetic Association, used benefit-cost analysis to develop research protocols for use in nutritional counseling services. In this research the relationship between change in nutritional services and change in health status had to be determined.

Several analyses were used to evaluate benefits from a household time-use study conducted in 1967-68 by Kathryn Walker of Cornell University. Indicators of benefits included the number of publications based on this research, the number of citations in journals, the number and variety of the disciplines represented in the publications, the amount of lag time between publication of results and the citations, and the number of requests for information that were made to the researcher.

Establishing that benefits exceed costs or that research is cost effective is only part of the evaluation process. Although these methods may assist in the decisionmaking process, they do not determine the final decisions. These decisions are determined through collective evaluation of all the factors relating to overall program objectives.

---

Source: Volker, Carol B. and Ruth E. Deacon, 1980, Report of evaluation of benefits from research in home economics, Cooperative Research Agreement 12-15-79-23, U.S. Department of Agriculture, and Iowa Agriculture and Home Economics Experiment Station, Ames, Iowa. Single copies of the report are available from Ruth E. Deacon, Dean of Home Economics, 123 McKay Hall, Iowa State University, Ames, Iowa 50011.

## SOCIAL INDICATORS III

The U.S. Department of Commerce, Bureau of the Census, has released *Social Indicators III*. Like its predecessors, *Social Indicators 1973* and *Social Indicators 1976*, this 648-page report provides a comprehensive collection of statistics describing social conditions and trends in the United States. Eleven subject areas are examined in separate chapters:

- Population and the family
- Health and nutrition
- Housing and the environment
- Transportation
- Public safety
- Education and training
- Work
- Social security and welfare
- Income and productivity
- Social participation
- Culture, leisure, and use of time

Each chapter includes an introductory text, colorful charts, statistical tables, references to further reading, and names and addresses of key resource individuals who can provide additional information. The introductory chapter includes an overview of quality of life in

the United States and three bibliographies relating to major English language studies in the field, other national social indicator reports, and the U.S., State, and local-area social-indicator reports. Information on sources and quality of the data, a glossary of terms, and an index are provided at the end of the report.

*Social Indicators III* is available for \$17 from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. Ask for stock No. 003-024-02683-0.

*Social Indicators III* is also supplemented by a special issue of *The Annals of the American Academy of Political and Social Science*, *Social Indicators: American Society in the Eighties*. This special edition includes essays that elaborate on individual chapters of *Social Indicators III* or that focus on crosscutting topics or issues. Volume 453 of the annals is available from the American Academy of Political and Social Science, 3937 Chestnut Street, Philadelphia, Pa. 19104. The price is \$8 for paperback and \$10 for hardback, plus \$1 handling charge for each.



## ECONOMIC INDICATORS OF THE FARM SECTOR

The Department's Economic Research Service (ERS) has developed new procedures to measure statistically the economic status of the Nation's farm and farm-operator income. *Economic Indicators of the Farm Sector: Income and Balance Sheet Statistics, 1979* is the first in four publications in the "Economic Indicators of the Farm Sector" series. This publication replaces the "Balance

Sheet of the Farming Sector," which was published annually, and is the first application of the new set of financial measures used by ESS.

To obtain a single free copy of this report (SB 650), dated December 1980, write to: Economic Management Services, Room 0054, South Building, Washington, D.C. 20250.

## SOME NEW USDA PUBLICATIONS

(Please give your ZIP code in your return address when you order these.)

The following are for sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402:

- A TIME TO CHOOSE: SUMMARY REPORT OF THE STRUCTURE OF AGRICULTURE. January 1981. \$5.50.
- INSECTS AND DISEASES OF VEGETABLES IN THE HOME GARDEN. AIB 380. Revised November 1980. \$3.75.
- A PLANNING GUIDE FOR FOOD SERVICE IN CHILD CARE CENTERS. FNS 64. January 1981. \$2.00.

Single copies of the following are available free from the U.S. Department of Agriculture. Please address your request to the office indicated:

From Economic Management Services, Room 0054, South Building, Washington, D.C. 20250:

- INFLATION: A FOOD AND AGRICULTURAL PERSPECTIVE. AER 463. February 1981.
- FOOD CONSUMPTION, PRICES, AND EXPENDITURES. SB 656. February 1981.
- ECONOMIC INDICATORS OF THE FARM SECTOR: PRODUCTION AND EFFICIENCY STATISTICS, 1979. SB 657. February 1981.
- ECONOMIC INDICATORS OF THE FARM SECTOR: STATE INCOME AND BALANCE SHEET STATISTICS, 1979. SB 661. March 1981.
- ANALYSIS OF THE IMPACT OF FOOD STAMP REDEMPTIONS ON FOOD STORES AND REGIONS—FISCAL YEAR 1978. TB 1646. April 1981.

From Farmers Home Administration, Information Staff, Room 4121, South Building, Washington, D.C. 20250:

- THIS IS FmHA. PA 973. Revised August 1980.

From Soil Conservation Service, Information Division, Room 6204, South Building, Washington, D.C. 20250:

- ASSISTANCE AVAILABLE FROM THE SOIL CONSERVATION SERVICE. AIB 345. Revised December 1980.

---

County Extension Staff: When ordering publications use Extension Publications Shipping Order Form ES-91A and follow instructions from your State Publications Distribution Officer.

## THE SUPPLY AND DEMAND FOR HOME ECONOMICS GRADUATES

The current and estimated demand for graduates with advanced degrees in home economics outweighs the supply. This conclusion was drawn from a manpower assessment project conducted by Science and Education Administration's Office of Higher Education in its recently released publication, *Graduates of Higher Education in the Food and Agricultural Sciences: An Analysis of Supply/Demand Relationships, Volume II-Home Economics*. In general, shortages of home economics graduates occur in the occupations of administrators and managers; design, manufacturing, and processing specialists; marketing, merchandising, and sales personnel; and scientific and professional specialties. The supply of graduates exceeds demand, however,

in the occupations of media specialists, service specialists, and educators. Graduates with baccalaureate and master degrees appear to be in greatest demand in business; family/consumer resource management; food science and human nutrition; food service management and institutional management; human environment and shelter; and textiles and clothing. Graduates with Ph. D's are estimated to be inadequate across the full spectrum of home economics.

A limited number of copies of this report, Miscellaneous Publication 1407, are available free (while supply lasts) from Agricultural Research Service, Publications, Distributions, and Requests Unit, Room 6007, South Building, Washington, D.C. 20250.

## RURAL AND SMALL TOWN POPULATION CHANGE, 1970-80

During the seventies—for the first time in more than 160 years—the population growth rate in the United States was higher in rural and small-town communities than in metropolitan areas. Preliminary counts from the 1980 Census of Population show that the nonmetropolitan counties grew in population by 15.4 percent from 1970 to 1980. This compares with a 9.1-percent increase for metropolitan counties, and a 10.8-percent increase for the Nation as a whole. The number of people in nonmetropolitan counties increased from 54.4 million at the beginning of the seventies to 62.8 million by 1980. This includes 4 million people who moved in from metropolitan areas and abroad. By contrast, in the sixties some 2.8 million more people moved out of the rural and small-town counties than into them. However, some nonmetropolitan counties have become metro-

politan in size and character as a result of their growth and will soon be reclassified as data become available.<sup>1</sup> The Federal Government has recently adopted a more liberal definition of *metropolitan*, that will also contribute to a reduction in the official non-metropolitan population.

---

<sup>1</sup> In general, metropolitan areas contain urban centers of 50,000 people or more. The boundaries are extended to county lines, and adjacent counties are added to the area if they meet certain criteria of worker commuting and metropolitan character. All other counties are nonmetropolitan. Metropolitan/nonmetropolitan status in this report is that of the early seventies after the criteria in effect at that time had been applied to the 1970 Census.

Source: Beale, Calvin L., 1981, *Rural and Small Town Population Change, 1970-80*, EES-5, Economic Research Service, U.S. Department of Agriculture.

## ALTERNATIVE WORK SCHEDULES

In May 1980, about 12 percent of all full-time, nonfarm, wage and salary job holders worked flexible schedules that allowed them to vary the hours their workday began and ended. Compressed workweeks of 3, 4, or 4½ days were reported by 2.7 percent of all full-time workers, up from 1.7 percent in May 1973.

Of all parents employed full time in wage and salary jobs, 13 percent worked flexible schedules although the option was more common for fathers than mothers. Men were more likely than women and persons age 65 and older were more likely than younger persons to work flexible schedules. Flexible schedules were most prevalent in occupations such as sales, managerial and administrative professional and technical, and transportation-equipment operatives—occupations in which the practice is long standing and informal. This is in contrast to clerical and service occupations, for which flexible schedules are more recent. Finance, insurance, and real estate; public administration; and trade industries have the

highest proportion of full-time workers on flexible schedules. In Federal public administration where experimentation with alternative work schedules was encouraged, one out of five workers was on a flexible schedule.

Compressed full-time workweeks of 4½ days or less were most common among service workers, transportation-equipment operatives, and factory operatives. Local public administration led in the use of compressed work schedules, many of which represented schedules of police and fire personnel. Some full-time employees were on schedules that were both compressed and flexible. Workers on weekly schedules of 5 days a week were less likely than those on shorter workweeks to have flexible schedules. Flexible schedules were most prevalent among employees who usually worked 6 days or more per week.

---

Source: U.S. Department of Labor, Bureau of Labor Statistics, 1981, 10 million Americans work flexible schedules, 2 million work full time in 3 to 4½ days, *NEWS*, USDL Pub. No. 81-100.



## COST OF FOOD AT HOME

Sex-age groups	Cost for 1 week				Cost for 1 month			
	Thrifty plan <sup>2</sup>	Low-cost plan	Moderate- cost plan	Liberal plan	Thrifty plan <sup>2</sup>	Low-cost plan	Moderate- cost plan	Liberal plan
<b>FAMILIES</b>								
Family of 2: <sup>3</sup>								
20-54 years .....	\$32.90	\$42.30	\$52.90	\$63.40	\$142.30	\$183.40	\$229.40	\$274.30
55 years and over .....	29.60	37.70	46.60	55.50	127.90	163.60	202.20	240.90
Family of 4:								
Couple, 20-54 years and children--								
1-2 and 3-5 years .....	46.70	59.40	73.90	88.40	202.10	257.60	320.60	383.00
6-8 and 9-11 years .....	56.30	72.00	90.00	107.60	244.10	311.70	389.80	466.00
<b>INDIVIDUALS<sup>4</sup></b>								
Child:								
7 months to 1 year .....	6.70	8.10	9.90	11.60	29.00	35.00	42.70	50.40
1-2 years .....	7.60	9.50	11.70	13.90	32.80	41.40	50.90	60.30
3-5 years .....	9.20	11.40	14.10	16.90	39.90	49.50	61.20	73.30
6-8 years .....	11.70	14.90	18.60	22.20	50.90	64.50	80.50	96.20
9-11 years .....	14.70	18.60	23.30	27.80	63.80	80.50	100.80	120.40
Male:								
12-14 years .....	15.70	19.70	24.70	29.40	68.00	85.50	106.80	127.50
15-19 years .....	17.20	21.80	27.20	32.60	74.40	94.30	117.90	141.40
20-54 years .....	16.50	21.30	26.80	32.20	71.40	92.20	116.10	139.30
55 years and over .....	14.70	18.80	23.30	27.90	63.50	81.40	100.90	120.90
Female:								
12-19 years .....	13.90	17.60	21.70	25.90	60.10	76.20	94.20	112.10
20-54 years .....	13.40	17.20	21.30	25.40	58.00	74.50	92.40	110.10
55 years and over .....	12.20	15.50	19.10	22.60	52.80	67.30	82.90	98.10
Pregnant .....	16.80	21.30	26.10	31.00	72.80	92.20	113.20	134.30
Nursing .....	17.80	22.50	28.00	33.20	77.30	97.60	121.30	144.00

<sup>1</sup>Assumes that food for all meals and snacks is purchased at the store and prepared at home. Estimates for each plan were computed from quantities of foods published in the Winter 1976 (thrifty plan) and Winter 1975 (low-cost, moderate-cost, and liberal plans) issues of Family Economics Review. The costs of the food plans were first estimated using prices paid in 1965-66 by households from USDA's Household Food Consumption Survey with food costs at 4 selected levels. USDA updates these survey prices to estimate the current costs for the food plans using information from the Bureau of Labor Statistics: "Estimated Retail Food Prices by Cities" from 1965-66 to 1977 and "CPI Detailed Report," tables 3 and 9, after 1977.

<sup>2</sup>Coupon allotment in the Food Stamp Program based on this food plan.

<sup>3</sup>10 percent added for family size adjustment. See footnote 4.

<sup>4</sup>The costs given are for individuals in 4-person families. For individuals in other size families, the following adjustments are suggested: 1-person--add 20 percent; 2-person--add 10 percent; 3-person--add 5 percent; 5- or 6-person--subtract 5 percent; 7- or more-person--subtract 10 percent.

## CONSUMER PRICES

Consumer Price Index for all urban consumers  
(1967 = 100)

Group	June 1981	May 1981	Apr. 1981	June 1980
All items .....	271.3	269.0	266.8	247.6
Food .....	273.6	272.5	272.9	252.0
Food at home .....	268.7	267.7	268.7	248.0
Food away from home .....	290.6	289.3	288.2	266.6
Housing .....	292.2	288.5	284.8	266.7
Shelter .....	312.6	308.4	303.8	286.3
Rent .....	206.8	205.9	204.2	191.1
Homeownership .....	350.4	345.0	339.3	320.4
Fuel and other utilities .....	320.2	314.9	310.5	282.2
Fuel oil, coal, and bottled gas .....	682.0	685.8	690.6	558.7
Gas (piped) and electricity .	350.2	339.6	330.6	308.8
Household furnishings and operation .....	221.1	220.1	219.2	205.5
Apparel and upkeep .....	185.8	186.4	186.4	177.2
Men's and boys' apparel .....	176.6	176.8	175.6	166.8
Women's and girls' apparel ....	155.4	157.2	158.8	153.0
Footwear .....	200.4	201.0	199.3	189.0
Transportation .....	279.9	277.8	275.3	249.7
Private .....	277.9	276.0	273.4	249.7
Public .....	303.9	297.7	297.2	242.2
Medical care .....	291.5	289.0	287.0	264.7
Entertainment .....	220.8	220.3	219.2	205.3
Other goods and services .....	233.4	232.2	229.9	212.5
Personal care .....	232.1	230.5	228.7	212.4

Source: U.S. Department of Labor, Bureau of Labor Statistics.

## NEW BASE YEAR FOR CONSUMER PRICE INDEX

Beginning with the release of the January 1982 consumer price data, Consumer Price Indexes (CPI's) that now have a base of 1967 = 100 will shift to a new base year of 1977 = 100. This shift will be an arithmetic change that will not involve changes in the weights of index components or other substantive or conceptual changes.

The Office of Federal Statistical Policy and Standards established the new base for use by all Federal Government statistical agencies. The shift is in line with the long-standing policy that index bases be updated

periodically. The 1977 base year was chosen because (1) the most recent 5-year economic census, on which many economic series are benchmarked, was taken in 1977, and (2) 1977 was considered to be a year "with no particular extreme conditions that would make it unrepresentative of the recent period."

Sources: U.S. Department of Labor, Bureau of Labor Statistics, 1981: Federal agencies updating base year of indexes to 1977, *Monthly Labor Review* 104(2):75-76; The Consumer Price Index—January 1981, *News USDL*-81-113.

*FAMILY ECONOMICS REVIEW*  
*FALL 1981*  
**CONTENTS**

	<i>Page</i>
CREDIT USE IN THE PURCHASE OF HOUSEHOLD APPLIANCES . . . . . <i>Marsha Freeman Epstein</i>	3
THE THRIFTY FOOD PLAN . . . . .	7
FINAL REPORT OF PRESIDENT'S COMMISSION ON PENSION POLICY . . . . .	13
PERSPECTIVES ON WORKING WOMEN: A DATABOOK . . . . .	15
CHILD SUPPORT AND ALIMONY: 1978 . . . . .	15
URBAN FAMILY BUDGETS—AUTUMN 1980 . . . . .	18
HOUSING AND URBAN DEVELOPMENT ABSTRACTS . . . . .	19
INTEREST RATES FOR HUD/FHA AND VA MORTGAGES . . . . .	22
NATIONAL HEALTH-CARE EXPENDITURES . . . . .	24
EVALUATING BENEFITS FROM RESEARCH IN HOME ECONOMICS . . . . .	25
SOCIAL INDICATORS III . . . . .	26
ECONOMIC INDICATORS OF THE FARM SECTOR . . . . .	27
THE SUPPLY AND DEMAND FOR HOME ECONOMICS GRADUATES . . . . .	28
RURAL AND SMALL TOWN POPULATION CHANGE, 1970-80 . . . . .	28
ALTERNATIVE WORK SCHEDULES . . . . .	29
NEW BASE YEAR FOR CONSUMER PRICE INDEX . . . . .	31

**Regular Features**

SOME NEW USDA PUBLICATIONS . . . . .	27
COST OF FOOD AT HOME . . . . .	30
CONSUMER PRICES . . . . .	31

Issued October 1981